

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 321 – HB 290

March 17, 2015

SUMMARY OF ORIGINAL BILL: Deletes and rewrites section of law concerning the Tennessee Agriculture Regulatory Fund. Changes include, but are not limited to, new fee structures for monies collected based on implementation of a standardized tier system in order to categorize license and permits; expansion of uses for the fund as a depository mechanism; specification that certain fees be set by rule; a change in the due date for applications received from manufacturers that distribute liming materials; deletion of a reporting requirement concerning manufacturers that distribute liming materials; revisions to the Tennessee Commercial Feed Law of 1972 concerning licensure and fees; revisions to law concerning the registration of cattle brands and the certification of livestock; revisions to the Tennessee Livestock Dealer Act concerning licensure and fees; revisions to the Certified Public Weigher Law of 1981 concerning licensure and fees; revisions to the Tennessee Food, Drug and Cosmetic Act concerning inspections; revisions to the Tennessee Egg Law concerning wholesaler and processor licenses; revisions to the Dairy Law of the State of Tennessee concerning samplers and testers licensure, registration, labeling and advertising; revisions to the Tennessee Meat and Poultry Inspection Act concerning fees, licensure, and inspections; and revisions to the Tennessee Application of Pesticides Act of 1978 concerning fees.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue – \$5,578,000/Agricultural Regulatory Fund

SUMMARY OF AMENDMENT (004183): Adds language to the original bill requiring the Commissioner of the Department of Agriculture to evaluate fees and make adjustments through the rule-making process associated with Agriculture Regulatory Fund beginning in 2020 and at least every five years thereafter. Requires individual fees not be adjusted more than once every five years. Requires that the percentage of increase after the initial adjustment to not exceed the average consumer price index, all items-city average, as published by the United States Department of Labor, Bureau of Labor Statistics, between the dates of one adjustment and the immediately subsequent adjustment. Authorizes individual fee adjustment amounts to be rounded up to the next tier amount. Requires fees authorized by the Tennessee Regulatory Fund and the Uniform Administrative Procedures Act to not increase in any year when the Tennessee Agriculture Regulatory Fund's fiscal year ending balance exceeds 150 percent of the fees collected in the previous year.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- According to the official support information provided to Fiscal Review Committee staff by the Department of Agriculture (DOA), this bill would have no fiscal impact on state revenue or state expenditures. This information was based on the presumption that the bill itself did not increase fees.
- DOA confirmed the resulting product would be a more updated, efficient, equitable system of assessing fees for service and a more friendly and automated process for industry to comply with the application process.
- Pursuant to the official support form, and subsequent information provided, DOA confirmed the provisions of this bill can be accomplished within existing resources without an increased appropriation or a reduced reversion.
- DOA subsequently provided additional information acknowledging the bill will allow for the state to recognize additional fee revenue from multiple sources. According to DOA, the new fee structure will be implemented through a rule making process that is granted by the provisions of this bill as amended. Therefore, the bill will result in additional fee revenue to the state.
- Based on the supplemental information provided to Fiscal Review Committee staff on the bill, the recurring increase in fee revenue to the Agricultural Regulatory Fund for the bill as amended, beginning in FY15-16 is estimated to be \$5,578,000.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Jeffrey L. Spalding, Executive Director

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